



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0259	<b>Title:</b>	Income tax credit for volunteer firefighters
<b>Primary Sponsor:</b>	Mendenhall, Scott	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	(\$1,296,840)	(\$1,309,808)	(\$1,322,906)	(\$1,336,136)
<b>Net Impact-General Fund Balance</b>	<u>(\$1,296,840)</u>	<u>(\$1,309,808)</u>	<u>(\$1,322,906)</u>	<u>(\$1,336,136)</u>

**Description of fiscal impact:** This bill creates a \$100 income tax credit for volunteer firefighters and volunteer emergency medical technicians (EMTs). It would reduce general fund revenue by \$1.4 million beginning in FY 2010 and the reduction would grow about 1% per year.

### FISCAL ANALYSIS

#### Assumptions:

1. This bill creates a \$100 income tax credit for volunteer firefighters and volunteer emergency medical technicians (EMT). Firefighters are required to have completed a minimum of 30 hours of training and EMTs are required to have completed the number of training hours prescribed by the Montana state board of medical examiners for EMTs. The credit may not exceed the income taxpayer's tax liability and if taxpayers are both firefighters and EMTs they may claim only one credit.
2. According to the Fire Services Training School, there are approximately 11,000 firefighters in Montana. About 96%, or 10,560, are volunteers. It is assumed that the number of volunteers is based on participation in tax year 2008. It is also assumed that all volunteer firefighters have completed 30 hours of training.
3. According to EMS & Trauma Systems at the Department of Public Health and Human Services, there are approximately 4,600 licensed EMTs in Montana. About 53%, or 2,400, are volunteers. It is again assumed that these numbers are based on participation in tax year 2008.

4. For the purposes of this fiscal note, it is assumed that 5% of the volunteer EMTs are also volunteer firefighters. All eligible firefighters and EMTs would claim the credit, so there would be 12,840 individuals eligible for the credit ( $10,560 + 2,280 = 12,840$ ).
5. It is assumed that all 12,840 individuals eligible for the credit have at least \$100 of income tax liability.
6. If the credit had been available for tax year 2008, the revenue reduction from credits would have been \$1.284 million ( $12,840 \times \$100$ ). General fund revenue would have been reduced in FY 2009 when tax returns were filed.
7. The U.S. Census Bureau estimates that Montana's population will grow by about 1% per year over the biennium. Assuming the credit grows by this same amount, the credit will cost \$1.297 million in FY 2010 ( $1.284 \times 1.01$ ), \$1.310 million in FY 2011, \$1.323 million in FY 2012 and \$1.336 million in FY 2013.
8. Changes to tax forms required by this bill will be made as part of the annual update process with no additional costs to the Department of Revenue.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Revenues:</u></b>				
General Fund (01)	(\$1,296,840)	(\$1,309,808)	(\$1,322,906)	(\$1,336,136)
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$1,296,840)	(\$1,309,808)	(\$1,322,906)	(\$1,336,136)

**Long-Term Impacts:**

1. If this bill attracts volunteer firefighters and volunteer EMTs then the cost to the state general fund could increase more than estimated in this fiscal note.

**Technical Notes:**

1. Section 1 (2) states "a taxpayer, during the state fiscal year that ends in the tax year for which the credit is claimed" which is confusing. The language "a taxpayer, during the tax year for which the credit is claimed", has the same meaning and is less confusing. If this change is made, then section 1 (3) should refer to tax year or calendar year rather than fiscal year.

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*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*